



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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October 29, 1999

TO: File

THRU: Daron Haddock, Permit Supervisor *10074*

THRU: Pam Grubaugh-Littig, Permit Supervisor

FROM: Wayne H. Western, Reclamation Specialist III *W # 4*

RE: Midterm Review, Plateau Mining Corporation, Willow Creek Mine,
ACT/007/038-MT99, File #2, Carbon County, Utah

Summary:

The bond for the Willow Creek Mine is adequate.

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

Form of bond. (Reclamation Agreement)

The Division will not review the form of the bond during the midterm

Determination of bond amount.

The Division reviewed the bond calculations for the Willow Creek Mine as part of the midterm review. The Division calculated the reclamations cost to be \$12,238,000 dollars. The current bond is for \$11,949,205. See attachments.

The Division usually does not adjust the bond unless the amount changes by more than 5%. The reclamation costs are 2.4% higher than the bond. The Division does not believe that a bond adjustment is needed at this time.

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Terms and conditions for liability insurance.

The Division will not review the liability insurance during the midterm. The liability insurance is reviewed during a complete inspection.

Findings:

The Permittee met the minimum requirements of this section.

Castle Gate Prep Plant
and Refuse Disposal Facilities
Summary of Bond Estimate

Activity	
Earthwork	\$1,989,199
Drainage	\$395,431
Total Direct Costs	\$2,384,630
Indirect Costs	
Start Up @ 5%	\$119,231
Contingency @ 10%	\$238,463
Engineering Fee @ 10%	\$238,463
Contract Management @ 5%	\$119,231
Monitoring and Maintenance @ 10%	\$238,463
	\$953,851
Total Reclamation Costs	\$3,338,481
Escalation to 2001 @ 3.27% per year	\$338,331
Bond Amount	\$3,676,812
Bond Amount Rounded to Nearest \$1,00	\$3,677,000

Willow Creek Mine
Crandall Canyon
Summary of Bond Estimate

Demolition Costs

Number	Activity	Cost
	Demolition Facilities Area	\$686,247
	Subtotal Demolition Costs	\$686,247
	Revegetation	\$546,311
	Subtotal Revegetation	\$546,311
	Total Direct Costs	\$1,232,558
	Indirect Costs	
	Startup Cost @ 5%	
	(mob/demob, permits, bond)	\$61,628
	Contingency @ 10%	\$123,256
	Engineering Fee @ 10%	\$123,256
	Contract Management @ 5%	\$61,628
	Monitoring & Maintenance @ 10%	\$123,256
	Total Indirect Costs	\$493,024
	Total Reclamation Costs	\$1,725,582
	Escalation to 2001 dollars	\$174,875
	Bond Amount	\$1,900,457
	Rounded to nearest \$1,000	\$1,900,000

Willow Creek Mine
Gravel Canyon
Summary of Bond Estimate

Demolition Costs

Number	Activity	Cost
	Demolition	
	Rock Retaining Wall	\$2,838.00
	Subtotal Demolition Costs	\$2,838.00
	Earthwork	
	Rough Grade - Excavation	\$349,964.00
	Rough Grade - Backfill	\$13,821.00
	Subtotal Rough Grading	\$363,785.00
	Drainage	
	Drainage	\$6,299.00
	Subtotal Drainage	\$6,299.00
	Revegetation	
	Revegetation	\$13,657.00
	Reseeding @25%	\$3,414.00
	Subtotal Revegetation	\$17,071.00
	Total Direct Costs	\$389,993.00
	Indirect Costs	
	Startup Cost @ 5%	
	(mob/demob, permits, bond)	\$19,500.00
	Contingency @ 10%	\$38,999.00
	Engineering Fee @ 10%	\$38,999.00
	Contract Management @ 5%	\$19,500.00
	Monitoring & Maintenance @ 10%	\$38,999.00
	Total Indirect Costs	\$155,997.00
	Total Reclamation Costs	\$545,990.00
	Escalation to 2001 dollars	\$55,332.00
	Bond Amount	\$601,322.00
	Rounded to nearest \$1,000	\$601,000.00

Castle Gate Mine
Willow Creek
Summary of Bond Estimate

Demolition Costs

Number	Activity	Cost
	Demolition Facilities Area	\$3,019,369
	Subtotal Demolition Costs	\$3,019,369
	Earthwork	\$693,977
	Subtotal Rough Grading	\$693,977
	Revegetation	\$236,635
	Subtotal Revegetation	\$236,635
	Total Direct Costs	\$3,949,981
	Indirect Costs	
	Startup Cost @ 5%	
	(mob/demob, permits, bond)	\$197,499
	Contingency @ 10%	\$394,998
	Engineering Fee @ 10%	\$394,998
	Contract Management @ 5%	\$197,499
	Monitoring & Maintenance @ 10%	\$394,998
	Total Indirect Costs	\$1,579,992
	Total Reclamation Costs	\$5,529,973
	Escalation to 2001 dollars	\$560,423
	Bond Amount	\$6,090,396
	Rounded to nearest \$1,000	\$6,090,000